



ENVISION ARLINGTON FISCAL RESOURCES TASK GROUP
Meeting Minutes 7:30 PM 1/16/20

Senior Center, Mural Room

ATTENDEES: Gordon Jamieson (Co-Chair), David Garbarino (Co-Chair), Michael DeLisi, Jonathan Haughton, Brian Hasbrouck, Heather Remoff, Pete Howard (Secretary),

Primer: Gordon thanked Jonathan for the markup he had done for the Primer as posted on the Town web site. He apologized for not doing anything with it until now. Pete will incorporate Jonathan's material for review by the group.

Citizens Corner – Property Taxes: Gordon passed out hard copies for review (Ref 1). Two major suggestions were to combine the 1st 2 paragraphs into one introduction. Add information on when the high school debt exclusion will be included in the tax bills. There are several small corrections. Pete will make corrections & send to Gordon to submit to the Advocate.

New Growth: Mike reported on the meeting that he & Gordon had with Sandy Pooler. Sandy understood the material that Mike presented See December (See December minutes). They discussed the sample size. Sandy accepted that Mike had looked for "bad" cases. Sandy agreed that Mike had stayed within the process that Sandy had described at the November meeting. Sandy will search for an explanation as soon as the Town's budget is finished. As of this week the Town Manager's recommended budget is finished.

Assessing: The group had a general discussion of various shortcomings in assessments including a review of several perceived inequities.

The meeting adjourned at 8:30

Next mtg Feb 20, 2020

Meetings monthly - 3rd Thursdays 7:30 PM - Usually in the Senior Center

Ref 1 Citizen's Corner #9

Citizens Corner - Property Taxes

Welcome back to Citizens' Corner, an occasional column prepared by members of the Envision Arlington Fiscal Resources Task Group designed to help residents both old and new learn more about how our Town functions.

The purpose of this article is to help residents who own land and buildings in Arlington better understand their property tax bills. At first glance, the bill received from the Office of the Tax Collector (part of the Treasurer's department) looks quite simple. The taxable value of the total of land & buildings owned by the resident is listed along with the total real estate tax and the tax rate per \$1000. With the help of a pocket calculator (or equivalent) one can verify that:

$$\text{Taxable Value} \times \text{Tax rate}/1000 = \text{Total Real Estate Tax}$$

But this is not the end of the story. One must add the CPA (Community Preservation Act) tax. This is somewhat more complicated. In most cases, one takes the taxable value, subtracts \$100,000, and multiplies the result by the tax rate and then that value by 1.5%.

$$(\text{Taxable Value} - \$100,000) \times \text{Tax rate}/1000 \times .015 = \text{Total CPA Tax}$$

The Total Tax is the sum of the real estate and CPA taxes:

$$\text{Total Real Estate Tax} + \text{Total CPA Tax} = \text{Total Tax}$$

But this is not the bottom line. The Town levies this tax in four quarters starting in the summer at the start of the Town's fiscal year (which runs July 1st to June 30rd). This policy provides cash to run the Town and avoids expensive borrowing. But the formal tax rate can't be set until several months after the start of the fiscal year because all the necessary information is not available at the start of the year. Instead, a preliminary tax bill is prepared for the first two quarters are based on Taxable Value and Tax rate of the previous January. These bills are typically slightly less than a quarter of the Total Tax that will be due for the current fiscal year. The difference must be made up in the final two tax bills. Thus the 3^d and 4th bills are:

$$3\text{d quarter due} = 4\text{th quarter due} = (\text{Total Tax} - 1^{\text{st}} \text{ quarter paid} - 2^{\text{nd}} \text{ quarter paid})/4$$

One may wonder where the elements of this calculation come from. What follows is a brief explanation of each element and some additional terms.

Assessed Value - The basis of the real estate tax is the assessed value of the property on January 1 of the previous calendar year. By State law, assessments shall be for "full and fair cash value". The Department of Revenue has elaborate rules to insure this standard is met. The Town hires a professional third-party assessment firm to review assessments across the entire town every three years. Every other year the Department adjusts assessments using internal staff based upon recent sales.

Tax Rate - In Arlington, the tax rate is computed based on the maximum allowed under Proposition 2 ½. It is set by raising the previous year's tax levy by 2 ½% plus the taxable value of new growth (development), and override funds and debt exclusion funds as approved by the voters and dividing the sum of these and several smaller items by the total taxable assessed property value (about \$9 billion).

The Town Assessors present their calculation for approval to the Select Board in late fall in a public hearing. The calculation is on the Assessors' page of the Town website. Note that the increase limit of 2 ½% applies to the total assessment of the town real estate. Individual assessments may change by more or less depending on location and condition of the property.

Abatements - Property owners have the right to apply for a tax abatement. An abatement is a reduction in the Taxable Value granted by the Board Of Assessors based on evidence provided by the property owner that the Taxable Value exceeds the "Full and fair cash value". The owner may present the evidence at a board meeting before the published due date. Refer to the Assessor page on the Town's web site. Abatement applications are due in early February.

Exemptions - Residents can also apply for an tax exemption? An exemption is a reduction in the Total Tax for certain qualified owners. There are several kinds of qualifications including low income and former military service.. Refer to the Assessor page on the Town's web site.

Penalties - Note that if a quarterly tax is not paid before the due date on the tax bill, the Tax Collector will charge a penalty of 14% per day.

~ The Envision Arlington Fiscal Resources Task Group embraces and works to help the Town better realize the following Town goal: "We value Arlington's efficient delivery of public services providing for the common good. The benefits from these services and the responsibility of taxation will be equitably distributed among us. We will be known for our sound fiscal planning and for the thoughtful, open process by which realistic choices are made in our Town." We meet monthly and all are welcome to attend.